

Signing of Japanese ODA Loan Agreements with Indonesia: Supporting port infrastructure for enhanced logistics functions and building industry-academia partnership facilities

On November 15, the Japan International Cooperation Agency (JICA) signed loan agreements with the Government of the Republic of Indonesia in Jakarta, the capital city, to provide Japanese ODA loans of up to a total of 127.215 billion yen for two projects.

In recent years, domestic consumption and private investment have powered the economy of Indonesia, maintaining stable growth. Although the real gross domestic product had decelerated due to factors that include falling prices for natural resources that are major exports and the global economic crisis, the situation has recovered since 2013, but challenges remain that must be overcome if Indonesia is to achieve further economic growth. Inhibiting private investment, the challenges include delays in infrastructure development, inefficient goods distribution and an insufficient number of human resources for industry. Toward further economic growth, it is essential that these issues be solved and the investment environment be improved.

On the basis of the situation, the Japanese ODA loan agreements will support the following two projects in developing an international port to expand logistics functionality and enhance connectivity and strengthening a higher education institution, issues focused on in the National Medium-Term Development Plan (RPJMN) of 2015–2019 issued by the Government of Indonesia.

- (1) Patimban Port Development Project (I) (loan amount: 118.906 billion yen)
- (2) Development of World Class University with Socio Entrepreneurial Spirit at Universitas Gadjah Mada (loan amount: 8.309 billion yen)

Concerning the first project, Patimban Port development has been declared "National Strategic Project" of Indonesia, and was agreed upon as a symbolic project of cooperation between Japan and Indonesia in talks between the countries' leaders at the G7 Ise-Shima Summit Outreach Meeting held in May 2016.

Details for the projects are provided below.

(1) Patimban Port Development Project (I)

(a) Objective and Summary

The objective of the project is to strengthen the port logistics capacity of the Jakarta Metropolitan Area and improve the total economic activities in the region by constructing an international seaport and access roads in Patimban, which is located in the Eastern Metropolitan Area.

(b) Background and Necessity

Composed of more than 17,000 islands, Indonesia relies on marine transportation as the primary means of transportation for both international and domestic shipping, and the volume of freight handled throughout the country has risen rapidly since the mid-2000s accompanying economic growth. Due to an inadequate absolute capacity at ports, there are concerns that the flow of goods will stagnate as a result of port congestion, and in particular it is predicted that with only the existing port (Tanjung Priok Port), it will not be possible to accommodate the container demand in the Jakarta Metropolitan Area by 2025.

By constructing a new port in the Eastern Metropolitan Area (outskirts), the project will contribute to improvements in the business environment for Japanese companies with a manufacturing base in the region. Furthermore, by dispersing the freight logistics, which is currently concentrated at the existing port, congestion on port access roads will be alleviated, which is expected to make the flow of goods in the entire metropolitan area more efficient.

Special Terms for Economic Partnership (STEP)* apply to the Japanese ODA loan for this project, and Japanese technology, including soft ground improvement and rapid construction techniques, will be utilized at the port being constructed in the project.

(c) Executing Agency and Implementing Agency

< Executing Agency >

Directorate General of Sea Transportation, Ministry of Transportation

Address: Ministry of Transportation, Karya Building 15th Floor, Jl. Merdeka Barat No.8, Jakarta 10110, Indonesia

Phone: +62-21-3811308, fax: +62-21-384963

<Implementing Agency>

Directorate General of Highways, Ministry of Public Works and Housing

Address: Ministry of Public Works and Housing, Building Bina Marga, 5th Floor, Jl. Patiimura No.20, Kebayoran Baru, Jakarta Selatan 12110

TEL:+62-21-7200281 FAX:+62-21-7201760

(d) Planned Implementation Schedule

1. Completion of project: December 2022 – when the facilities are put into service
2. Issuing of letters of invitation for consulting services (including detailed design work and construction supervision): November 2017
3. Tender announcement of initial procurement package for international competitive bidding on project construction: Construction Works

Release date: Under selection

4. JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.

Contact Point for Port Sector, JICA Indonesia Office

Address: Sentral Senayan, 14th Floor, Jl. Asia Africa No. 8, Jakarta 10270, Indonesia

Phone: +62-21-5795-2112, fax: +62-21-5795-2116

(2) Development of World Class University with Socio Entrepreneurial Spirit at Universitas Gadjah Mada

(a) Objective and Summary

The project will update and improve facilities needed for educational, research and industry-academia partnership activities at Universitas Gadjah Mada, improving the quality of education and promoting research and product development, thereby contributing to a higher level of industrial human resources and industrial development.

(b) Background and Necessity

Although Indonesia has achieved firm economic growth in recent years, primary products account for approximately 40 percent of exports, making maturation of high value-added industries a priority if further growth is to be attained. Although the Government of Indonesia is stimulating research and development in industry, there are not enough human resources with the knowledge and capacity needed, and improvements to higher education are essential to increase the number of highly qualified human resources who can contribute to industrial development.

The project will improve the educational, research and industry-academia partnership functions of Universitas Gadjah Mada, a top level university in Indonesia, and increase the number of students that can be accepted, which is expected to lead to a larger number of outstanding human resources entering industry, contributing to industrial development.



signing ceremony

(c) Executing Agencies

Ministry of Research, Technology and Higher Education

Address: D Building, 10th Floor Jl. Jendral Sudirman Pintu 1, Senayan Jakarta 10270

Phone: +62-21-5794-6100, fax: +62-21-5794-6092

Universitas Gadjah Mada

Address: Bulaksumur, Yogyakarta, 55281, Indonesia

Phone: +62-274-588774, fax: +62-274-6491900

(d) Planned Implementation Schedule

1. Completion of project: January 2022 – when the facilities are put into service

2. Issuing of letters of invitation for consulting services (including detailed design work and construction supervision): January 2018

3. Tender announcement of initial procurement package for international competitive bidding on project construction: Animal Science Learning Center, Advance Pharmaceutical Science Learning Center

Release date: October 2019

Terms and Amount of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Patimban Port Development Project (I)	118,906	0.1	0.01	40	12	Japan tied
Development of World Class University with Socio Entrepreneurial Spirit at Universitas Gadjah Mada	8,309	Yen LIBOR+10bp	0.01	25	7	General, untied
Total	127,215					

* STEP refers to special assistance terms for promoting the visibility of Japanese aid through a transfer of outstanding Japanese technology and expertise to developing nations. The main contract is Japan tied and subcontracting is general untied. Although the main contract allows a joint venture with the borrowing country in addition to the Japanese company and its subsidiary with an overseas presence, the Japanese company must be the leading partner in such an arrangement.